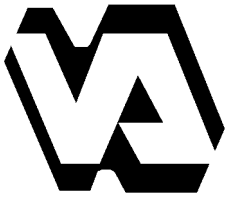


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GAO Audits

1. BUDGET ISSUES: Agency Implementation of Capital Planning Principles Is Mixed (GAO-04-138), January 2004

RESPONSIBLE ORGANIZATION: Assistant Secretary for Management,
Office of Asset Enterprise Management

RECOMMENDATIONS:

GAO recommended that the Secretary of Veterans Affairs continue to emphasize and support the timely development and implementation of CAMS currently under way agency-wide. Decision makers should use the asset inventory and condition information as an integral part of VA's capital planning process when both determining a need for a new capital asset and considering options for filling a performance gap.

ACTIONS TAKEN:

- CAMS fully implemented and deployed in September, 2004
- Nationwide VHA Capital Asset Managers training in Chicago & VACO in October 2004
- Maintenance/Repair Sustainment Model drafted, October, 2004
- Lease benchmarks updated 2nd quarter 2004
- Capital Asset Scorecards and Annual Reporting formats created 4th quarter 2004
- Scored a Green (up from Red) from OMB for clarifications to Real Property performance measures 1st quarter 2005
- Scored a Yellow (up from Red) from OMB for a complete real property inventory, for contributions to government-wide real property database, and for use of real property database for daily management decision making 1st quarter 2005.
- Implemented Agreements Portfolio 3rd quarter 2004
- Implemented Inter-Portfolio 4th quarter 2004
- Implemented additional feeder system interfaces (e.g., Core-FLS, VSSC, PTF/OPC, DOOR, MADSS, CARES, PAID) 1st quarter 2004

- Augmented CAMS to incorporate CARES business cases 3rd quarter 2004
- OAEM is developing a plan to implement Federal Real Property Council Tier 1 and Tier 2 requirements. Implementation will begin in 2005.

BUDGET IMPLICATIONS:

- CAMS is a collaborative effort between the Office of Information & Technology (OI&T) and Office of Management. The budget dollars for CAMS are shared, and appropriated to and managed by (OI&T). The CAMS 2005 budget is \$2 million. The 2006 budget is \$2.16 million.

RESPONSIBLE ORGANIZATION: Veterans Health Administration (VHA)

RECOMMENDATIONS:

GAO recommended that the Secretary of Veterans Affairs continue to emphasize the importance of efforts currently under way to develop a department wide long-term agency capital plan that will reflect all VA long term capital investment decisions and results of the asset-restructuring plans developed by VHA networks under the CARES process. The Secretary should make the long-term plan available to OMB and congressional decision makers.

ACTIONS TAKEN:

- On June 28, 2004, the Department produced its first 5-year capital plan, a systematic and comprehensive framework for managing VA's portfolio of more than 5,500 buildings and approximately 32,000 acres of land. This plan is a sound blueprint for managing the Department's capital investments and will lead to improved use of resources and more effective delivery of health care and benefits. This plan outlines CARES implementation by identifying priority projects that will improve the environment of care at VA medical facilities and ensure more effective operations by redirecting resources from maintenance of vacant and underused buildings and reinvesting the resources in veterans' health care. The plan is being reviewed by Congress and serves as a budget request for 30 major construction projects that would be funded using 2004 available dollars and the 2005 requested amount. The plan reflects a need for additional investments of approximately \$1 billion per year for the next 5 years to modernize VA's medical infrastructure and enhance veterans' access to care. Through CARES and improved asset management strategies, VA is meeting the challenge identified by GAO for Federal agencies in managing programs with excess and underutilized real property.

BUDGET IMPLICATIONS:

- The plan meets congressional requirements addressing notification of intent to obligate funds for CARES projects.

2. VA HEALTH CARE: Further Efforts Needed to Improve Hepatitis C Testing for At-Risk Veterans (GAO-04-106), December 2003

RESPONSIBLE ORGANIZATION: Veterans Health Administration (VHA)

RECOMMENDATIONS:

To improve VA's testing of veterans identified as at-risk of hepatitis C infection, GAO recommended that the Secretary of Veterans Affairs direct the Under Secretary for Health to:

- Determine the effectiveness of actions taken by networks and facilities to improve the hepatitis C testing rates for veterans and, where actions have been successful, consider applying these improvements system-wide;
- Provide local managers with information on current fiscal year performance results using a subset of the performance measurement sample of veterans in order for them to determine the effectiveness of actions taken to improve hepatitis C testing processes.

ACTIONS TAKEN:

- VA has instituted a number of steps to improve screening, testing, medical treatment, data-based quality improvement, communication, and education in the care of veterans at risk for and infected with hepatitis C. VA instituted network performance measures for universal hepatitis C risk assessment (screening) and testing of those at risk in 2002. Performance is measured by independent chart reviews conducted through the External Peer Review Program (EPRP). In 2003, in a review of over 52,000 medical records, 95 percent contained evidence of risk factor screening and over 85 percent of those at risk had been tested for or diagnosed with hepatitis C. An enhanced electronic clinical reminder is being developed and piloted to prompt testing based not only on patient-reported risk behavior but also on information from the electronic medical record indicating increased risk. VA is monitoring timeliness of test notification and disease management decisions through the EPRP program. A telephone reminder system and other electronic means of ensuring notification of test results are being developed.
- Comprehensive recommendations regarding antiviral therapy and management of cirrhosis and portal hypertension have been published and are now available on VA's hepatitis C Web site (<http://www.hepatitis.va.gov>). The number of hepatitis C patients receiving antiviral therapy increased by over 30 percent from 2002 to 2003, with over 9,000 patients receiving treatment in 2003. VA has developed and implemented system-wide electronic case registry of hepatitis C patients for administrative oversight, quality improvement, and patient safety monitoring. As of March 2004, over 250,000

patients had been added to the registry, and over 180,000 of those had at least one VA admission or outpatient encounter in 2003. VA has developed a broad-based approach to provider and patient education and communication, Lead clinicians have been identified at each VA facility, and regular contact is maintained through e-mail groups and an electronic news service. Patient education materials have been distributed to VA facilities.

BUDGET IMPLICATIONS:

- None.

3. INFORMATION TECHNOLOGY MANAGEMENT: Government-wide Strategic Planning, Performance Measurement, and Investment Management Can Be Further Improved, (GAO-04-49), January 2004

RESPONSIBLE ORGANIZATION: Assistant Secretary for Information and Technology

RECOMMENDATIONS:

To improve the department's IT strategic planning/performance measurement processes, GAO recommended that the Secretary of Veterans Affairs take the following four actions:

- Include in the department's annual performance plan the resources required to implement the information security program plan required by FISMA;
- Develop a documented process to measure progress against the department's IT goals, and assign roles and responsibilities for achieving these goals;
- Develop performance measures related to the effectiveness of controls to prevent software piracy;
- Track actual-versus-expected performance for the department's enterprise-wide IT performance measures in its IRM plan.

To improve the department's IT investment management processes, GAO recommended that the Secretary of Veterans Affairs take the following two actions:

- Document the alignment and coordination of responsibilities of the department's various IT investment management boards for decision making related to IT investments, including cross-cutting investments;
- Within the agency's IT investment selection process, implement a mechanism to identify possible conflicting, overlapping, strategically unlinked, or redundant proposals, and prioritize its IT investments.

ACTIONS TAKEN:

- The Office of Cyber and Information Security (OCIS) has identified eight major initiatives which are targeted toward bringing the Department into full compliance with the provisions of FISMA. These initiatives are identified in the 2004 Department Performance Plan under the enabling goal "deliver world-class service to veterans and their families by applying sound business principles that result in effective management of people, communications, technology, and governance." OCIS will include the estimated resource requirements for these initiatives in its 2005 update of Information Security Program section of the Department's Annual Performance Plan to ensure compliance with this recommendation.

- The CIO will be reviewing all aspects of IT management in the Department from which he will determine the appropriate strategic direction and draft a strategic plan. A plan of action is being developed which will produce a five-year Department IT Strategic Plan by the end of the fourth quarter of 2005.
- The Department was planning the deployment of Microsoft Systems Management Server (SMS) software as part of the recently initiated Security Configuration and Management Program (SCAMP). SMS provides the capability to develop a standardized desktop configuration for clients, based on user roles, and to deploy periodic upgrades of new software on a centralized basis. Any upgrades/additional deployments of software will be archived in the existing SMS baseline inventory. Deployment of SMS is currently being evaluated as a tool to deter software piracy through comparison of independent periodic scans with the baseline inventory to identify discrepancies. Two pilots were conducted that concluded in October and November of 2004. Based on the results of the pilots, VA is expanding the evaluation of products to include other potential solutions. The milestone date for the complete rollout of the SCAMP suite of products and the enterprise framework solution that will provide for its management has been moved to December 2006 to permit discovery of all factors that influence the selection and deployment of enterprise-level products in VA's complex and distributed environment. Once a product for desktop configuration management is selected, metrics will be developed for timely removal of software that is deemed inconsistent with the original workstation profile.
- VA is incorporating project-specific measures that provide the ability to assess progress toward IT strategic initiatives. This will be in addition to the existing monthly performance reports. VA is undertaking the implementation of tools that will provide the ability to track project performance against plans and track costs against the budget. VA also tracks project metrics for investments through the Monthly Performance Review.
- VA has drafted a portfolio management and a project management guide. These guides document best practice methodologies to follow for project managers in the Department as they undertake information technology efforts and investments. Additionally, these guides outline the review boards and their roles and responsibilities related to analyzing and assessing IT. VA has reviewed the alignment of the various organizational boards that review IT investments. From this review, it was determined the Enterprise Information Board (EIB) should be restructured to address the specific business needs of IT, and will become known as the Enterprise Information Technology Board (EITB). A draft charter has been prepared for this new body. In addition, a decision support working group for the EITB, the Investment Review Working Group (IRWG), is being developed which will provide the detailed

technological assistance the EITB will need to make effective decisions regarding the IT portfolio. Finally, the draft charter for the EITB discusses the interrelationships between the EITB and IT governance boards that exist in the Administrations.

- VA is implementing true portfolio management precepts and practices in the governance structure of information technology investments. This process takes an overarching look at the entire IT portfolio, as well as key components of that portfolio, e.g., the sub-portfolios. Key to this approach is the ability to centralize the full knowledge of individual investments toward accomplishing overall strategic IT goals and, by extension, the mission and goals of the Department. This will position VA to leverage economies of scale, to reuse developed technologies where feasible, and to eliminate duplication across organizational boundaries. The Department has undertaken an effort to fund and staff an IT portfolio management office. This group will be responsible for overseeing and managing all aspects related to the IT portfolio and associated governance as discussed earlier. Initial efforts will be taken during fiscal year 2005 with enhancements to the Department's capabilities being undertaken in 2006.

BUDGET IMPLICATIONS:

- None.

4. VA HEALTH CARE: Access for Chattanooga-Area Veterans Needs Improvement (GAO-04-162), January 2004

RESPONSIBLE ORGANIZATION: Veterans Health Administration (VHA)

RECOMMENDATIONS:

GAO recommended that as part of his deliberations concerning whether additional access improvements for Chattanooga-area veterans beyond those contained in the draft CARES plan are warranted, the Secretary of Veterans Affairs explore alternatives such as:

- Purchasing inpatient care locally for a larger proportion of Chattanooga-area veterans' workload, particularly focusing on those veterans who may experience longer travel times as a result of the proposed shift of inpatient workload from Murfreesboro to Nashville;

ACTIONS TAKEN:

- The Capital Asset Realignment for Enhanced Services (CARES) decision document concurs with the continued integration of the York and Nashville campuses and also agrees with Veterans Integrated Services Network (VISN) 9 plans to provide selected inpatient services in the local community. Inpatient and subspecialty medical services are currently operational and are being provided on a fee-basis arrangement in the community. Cardiology and orthopedic specialists provide services in-house at VA's Chattanooga Outpatient Clinic. Ophthalmology, audiology and gastroenterology services, as well as radiological studies including ultrasound, mammography, nuclear medicine, computerized axial tomography (CAT scan) and magnetic resonance (MRI), are provided in the local community. These arrangements have enhanced access for veterans in the Chattanooga area and reduced the need for patients who have acute medical episodes and require specialty care to travel to VA facilities in Murfreesboro and Nashville. Additionally, a VISN 9 workgroup is studying contracting for inpatient services in the local community. VISN 9 will continue to assess utilization and the cost-benefit of how to most effectively and efficiently provide inpatient and specialty services to veterans in the Chattanooga area.

RECOMMENDATIONS:

- Expediting the opening of the four proposed community-based clinics;

ACTIONS TAKEN:

- To improve services for veterans in the Chattanooga area, VA plans to open Community Based Outpatient Clinics (CBOCs) in Roane and McMinn Counties. The Harriman clinic cited in the CARES Decision will be located in Roane County. Additionally, two clinics shown in the CARES Decision—one for Athens and one for McMinn County—are actually the same clinic. Athens is in McMinn County. The CARES plan did not include Dalton, Georgia or McMinnville, Tennessee in the list of priority CBOCs for activation. VISN 9 is submitting a proposal for the Roane County CBOC activation in 2005. McMinn County is planned for activation in 2007.
- The GAO report suggested activation of both sites in order to enhance access to VA-provided services in the Chattanooga catchments area. The Roane county site will serve Roane, Cumberland, and Morgan counties. This geographical area includes a 2005 veteran population of 14,589 with 3,262 current users. The McMinn County site will serve McMinn, Loudon, and Monroe counties. This geographical area includes a 2005 veteran population of 13,416, with 2,403 current users. The activation of the Roane and McMinn CBOCs will greatly enhance access to primary care for Chattanooga area veterans. Activation of VISN 9 CBOCs will be predicated on the proposed VHA criteria, available resources within VISN 9 to fund non-recurring and recurring costs, and the ranking of the CBOC business plan against other competing needs across VISN 9.

RECOMMENDATIONS:

- Providing primary care locally for more of those veterans whose access will remain outside VA's travel guideline, despite the opening of the four clinics.

ACTIONS TAKEN:

- GAO's report states that 49 percent (8,400) of Chattanooga's enrolled veterans faced travel times that exceeded VA travel guidelines of 30 minutes for primary care. GAO's travel time analysis used a Department of Energy (DOE) model to calculate travel times but the report does not sufficiently describe the model nor compare how the DOE model fares against VA's methodology used in CARES.
- The activation of the Roane and McMinn County CBOCs will bring 5,665 current enrollees into compliance with VA travel guidelines for primary care that had previously not been accessible within the guidelines. Approximately 82 percent of enrollees in the Chattanooga area will be within VA travel guidelines once the new sites are activated.

BUDGET IMPLICATIONS:

Activation of CBOC's for VISN 9 will be predicated on the proposed VHA criteria, available resources within VISN 9 to fund non-recurring and recurring costs, and the ranking of the CBOC business plan against other competing needs across VISN 9.

5. Contract Management: Agencies Can Achieve Significant Savings on Purchase Card Buys (GAO -04-430), March 2004

RESPONSIBLE ORGANIZATION: Assistant Secretary for Management,
Office of Acquisition & Materiel
Management

RECOMMENDATIONS:

To more effectively capture the significant potential for savings that agencies can achieve, GAO recommended that the Secretaries of Agriculture, Defense, Interior, Justice, Transportation, and Veterans Affairs direct their purchase card program managers—in coordination with officials responsible for procurement, finance, small business utilization, and other appropriate stakeholders—to take the following three actions:

- Develop mechanisms that provide cardholders more favorable pricing from major vendors or for key commodity groups, such as agency-wide discount agreements with major vendors or simpler mechanisms that capitalize on trade discounts offered by local merchants. In designing such mechanisms, purchase card program managers should consider the need to:
 - take full advantage of competitive forces to assure the most favorable prices;
 - ensure that agreements cover an adequate range of the products cardholders are likely to buy;
 - coordinate negotiation activities within the department to reduce duplication of effort;
 - ensure that agreements appropriately support agencies' efforts to meet government-wide socioeconomic requirements.
- Revise programs for communicating with cardholders to ensure that the programs provide cardholders the information they need to effectively take advantage of mechanisms the agency has established to achieve savings. Such information would include telling cardholders about:
 - the GSA Schedule contracts or agency-specific agreements chosen as vehicles for leveraging the agency's buying power;
 - procedures cardholders should follow to access and use these vehicles when they plan to make a purchase from these vendors.
- To the extent possible using available data, such as information on major vendors, analyze purchase card expenditure patterns to identify opportunities to achieve additional savings and to assess whether cardholders are getting good prices. Where available data are not sufficient for such analyses, investigate the feasibility of gathering additional information. In evaluating options for gathering additional information, purchase card program managers

should carefully consider the costs and benefits of obtaining comprehensive information and imposing unwarranted burdens on cardholders, vendors, and other stakeholders.

ACTIONS TAKEN:

- In July 2004, the Office of Acquisition and Materiel Management (OA&MM) released an electronic catalog contract tool that is real-time and searchable on VA's Intranet. This catalog contract tool provides over 450,000 product line items, contract pricing, and contract information concerning OA&MM's awarded Federal Supply Schedule and National Contracts for health care products and services. This tool provides easy access to contract pricing and incentive programs that can be used for market research and making purchase decisions including comparison of like products and related pricing terms.

BUDGET IMPLICATIONS:

- VA facilities will procure more efficiently and achieve additional savings through leveraging purchasing power.

6. VA HEALTH CARE: Improved Screening of Practitioners Would Reduce Risk to Veterans (GAO-04-566), March 2004

RESPONSIBLE ORGANIZATION: Veterans Health Administration (VHA)

RECOMMENDATIONS:

To better ensure the safety of veterans receiving health care at VA facilities, GAO recommended that the Secretary of Veterans Affairs direct the Under Secretary for Health to take the following four actions:

- Expand the verification requirement that facility officials contact state licensing boards and national certifying organizations to include all state licenses and national certificates held by applicants and employed practitioners;

ACTIONS TAKEN:

- VHA is currently making modification to VetPro, the electronic credentials system, to include all licensed, registered and certified health care professionals. These modifications are scheduled to be completed 3rd quarter 2005. At that time, policy will be issued requiring primary source verification of all licenses, registrations, and certifications, in addition to the current policy for primary source verification of all licensed independent providers. The implementation of VetPro in coordination with the issuance of policy provides the technological foundation for consistent application of this new requirement across VHA.

BUDGET IMPLICATIONS:

- None.

RECOMMENDATIONS:

- Expand the query of the Healthcare Integrity and Protection Data Bank (HIPDB) to include all licensed practitioners that VA intends to hire and periodically query this database for continued employment;

ACTIONS TAKEN:

- VHA issued a policy requirement to query the HIPDB on all prospective appointees on July 13, 2004. A process for periodically screening current employees against the HIPDB is under development and will be implemented when collective bargaining obligations are met.

BUDGET IMPLICATIONS:

- None.

RECOMMENDATIONS:

- Require fingerprint checks for all health care practitioners who were previously exempted from background investigations and who have direct patient care access;

ACTIONS TAKEN:

- Policy has been drafted that will require that facilities begin to perform a Special Agreement Check (SAC) on all personnel that are currently not required to get any level of background investigation. The SAC is comprised of a fingerprint check used for a criminal history records search. This requirement will be effective when facilities obtain electronic fingerprinting equipment. Examples of positions included in this new requirement are residents, trainees, students and some volunteers. This policy is in the concurrence process. The target date for all facilities to implement this requirement is April 1, 2005.
- The Office of Acquisition and Material Management solicited bids for a national purchase agreement and service contract for electronic fingerprinting equipment. There were three responses to this solicitation. VHA has sent the proposals to facility personnel who are currently using the equipment for review and have held a series of conference calls with these users to discuss the 3 submissions. VHA is currently developing a technical analysis and recommendation that will be submitted to the Office of Acquisition and Material Management regarding the selection of vendors. It is expected that contract awards will be completed in January 2005.

BUDGET IMPLICATIONS:

- It is estimated that each facility will have to dedicate at least one full FTE to accomplish the extra workload associated with the actual fingerprinting, as well as the administration and adjudication of the SACs. In addition, processing employees is becoming more complicated as many VHA sites have centralized administrative services, such as human resources, but dispersed employees providing health services. There is also the \$23 charge for the SAC.
- The following is a cost estimate for expanded fingerprinting. Costs include expenses for fingerprints, the automated fingerprint equipment (estimated to be 275 machines @ \$11,000 per machine plus \$1,000 per machine for first year installation), and the cost of additional FTE responsible for fingerprinting and

associated administrative activities. On-going maintenance costs are estimated to be \$1,000 per annum per machine (on-site repair/replacement). The below estimate assumes the policy to perform at least an SAC on everyone would be implemented at the end of the first quarter 2005. Thus, the cost of fingerprints and additional FTE during 2005 represent three fourths of annual expenses.

Item	2005	2006	2007
Fingerprint checks @ \$23 per check for 100,000 employees and trainees per year.	\$1.73M	\$2.30M	\$2.30M
Automated Fingerprint Equipment	\$3.3M	\$0.00M	\$0.00M
Maintenance	\$0.206M	\$0.275M	\$0.275M
Additional FTE @ 120 GS-6, step 5, \$41,553 (includes benefits)	\$3.81M	\$5.08M	\$5.08M
Total	\$9.046M	\$7.655M	\$7.655M

RECOMMENDATIONS:

- Conduct oversight to help ensure that facilities comply with all key screening requirements for applicants and current employees.

ACTIONS TAKEN:

- VA policy on Human Resources Management Program Evaluation was published on April 1, 2004. The Office of Human Resources Oversight and Effectiveness (O&E) began piloting evaluation site visits in June 2004. Full-scale evaluation visits will begin in 2005. O&E has developed checklists and questions for use during evaluation site visits in order to gauge improved screening of practitioners.

BUDGET IMPLICATIONS:

- None.

7. FEDERAL ACQUISITION: Increased Attention to Vehicle Fleets Could Result in Savings (GAO-04-664), May 2004

RESPONSIBLE ORGANIZATION: Veterans Health Administration (VHA)

RECOMMENDATIONS:

To ensure that agency fleets are the right size and composition to meet their missions, GAO recommended that the Secretaries of the Departments of Agriculture, Defense, Homeland Security, and Veterans Affairs take the following three actions:

- Establish guidance and policies that include clearly defined utilization criteria to be used in validating the need for vehicles based on their missions;
- Require fleet managers to use these criteria in determining the need for vehicles and in conducting periodic fleet assessments;
- Establish effective oversight mechanisms to ensure that the utilization criteria are defined and fleet assessments are carried out.

ACTIONS TAKEN:

- Guidance and policies with clearly-defined utilization criteria. The Guidebook that will comprise this information is being revised. In beginning to review the recently completed FAST (Federal Automotive Statistical Tool) information, we have determined that the criteria should be updated and improved. This is a considerable task and requires additional time.
- Require fleet managers to use the criteria. The policies to accomplish this will be published after the Guidebook is finalized. We continue to plan for local Executive Leadership to exercise appropriate authority in decision making.
- Oversight mechanisms. We began investigating the COTS application software and learned that this is a critical decision with budget implications. In addition, we discovered that GSA is concomitantly addressing the fleet management issues. In brief, there are firms willing to produce a Guidebook, subcontract for software, and present a purported turnkey package. Some federal agencies have taken this approach. We believe that this merits thoughtful deliberation. It is not year clear whether this is the preferred route. In the meantime, VA has stepped-up interim measures for oversight through analysis of much-improved FAST data, national teleconference announcements and sessions at conferences to raise awareness. These initial steps will be formalized through policy.
- We continue to fully support the GAO recommendations and will vigorously pursue our action plan to completion.

BUDGET IMPLICATIONS:

- There will be a one-time cost to implement the guidebook and management system, and ongoing but lesser maintenance costs. When the implementation method is chosen, we will be able to more accurately provide the start-up and continuing expenses.

8. VHA PURCHASE CARDS: Internal Controls Over the Purchase Card Program Need Improvement (GAO-04-737), June 2004

RESPONSIBLE ORGANIZATION: Assistant Secretary for Management and Veterans Health Administration (VHA)

RECOMMENDATIONS:

GAO made the following 36 recommendations to the Acting Under Secretary for Health and, in some instances, the Secretary of Veterans Affairs to strengthen internal controls and compliance in its purchase card program in order to reduce VHA's vulnerability to improper, wasteful, and questionable purchases.

Internal Controls

With regard to improving internal controls over purchasing, GAO recommended that the Acting Under Secretary for Health do the following.

Segregation of duties:

- Establish appropriate criteria, including types of items and dollar thresholds for requiring and documenting independent receiving and acceptance of items obtained with a purchase card;
- Establish specific procedures for documenting independent receiving, such as requiring the cardholder to maintain a signed copy of the receiving report showing the purchase was received in the warehouse, or requiring the approving official or supervisor to sign and date the vendor invoice, packing slip, sales or credit card receipt to verify that the items purchased were actually received;

ACTION TAKEN:

- A joint workgroup of VHA's Office of Clinical Logistics and the Chief Financial Officer will establish specific procedures.

RECOMMENDATIONS:

Internal Controls - Segregation of duties:

- Require that VHA senior management at the VA headquarters in Washington, D.C. document its approval that the one VHA Agency/Organization Program Coordinator (A/OPC) can continue to function as a cardholder since this is inconsistent with VA/VHA policy;

ACTION TAKEN:

- This separation of duties violation has been stopped.

RECOMMENDATIONS:

Internal Controls - Segregation of duties:

- Establish procedures that require an independent person to periodically review this A/OPC's purchasing activities.

ACTION TAKEN:

- No action required.

RECOMMENDATIONS:

Documentation:

- Establish guidance dictating vendor documentation needed to support the purchase transactions (in description, quantity, and price) that provide the basis for reconciling electronically received charges from Citibank;

ACTION TAKEN:

- VHA Handbook 1730.1 is in the concurrence process.

RECOMMENDATIONS:

Documentation:

- Require cardholders to maintain documentation of timely and independent receiving and acceptance of items obtained with a purchase card;

ACTION TAKEN:

- A workgroup is being established to develop a process.

RECOMMENDATIONS:

Documentation:

- Incorporate into VHA's existing purchase card guidance, file retention requirements as mandated by FAR Subpart 4.805 Storage, Handling, and Disposal of Contract Files;

ACTION TAKEN:

- VHA Handbook 1730.1 was amended to provide even more detailed guidance.

RECOMMENDATIONS:Documentation:

- Identify cardholders who repeatedly fall outside the required timeframes for recording purchase card order information into VA's purchase card order system and for performing reconciliations of purchases;
- Identify approving officials who continually fail to meet the required timeframes for reviewing and certifying that cardholder purchases are legal and proper;

ACTION TAKEN:

- The timeliness standards were tightened and VHA also began requiring quarterly certification that all cardholder and approving official training has been completed. Compliance with the requirements has improved significantly. On a monthly basis the CFO's office develops a report that identifies the approving officials who fail to meet the required timeframes per the tightened standards.

RECOMMENDATIONS:Documentation:

- Provide adequate retraining for these cardholders and approving officials and consider whether to suspend their responsibilities if the established timeframes continue not to be met.

ACTION TAKEN:

- The CFO's office continually monitors the compliance of all facilities. We addressed the issue prior to GAO issuing the report.

RECOMMENDATIONS:Vendor Discounts:

- Establish procedures that require cardholders, at the time of purchase, to determine whether vendors offer purchase discounts when early payments are made for goods and services rendered;

ACTION TAKEN:

- A workgroup is being established to develop the recommended procedures.

RECOMMENDATIONS:

Vendor Discounts:

- Establish procedures requiring internal management review auditors to:
 - identify loss of vendor-offered discounts;
 - determine frequency of occurrences and actual dollars lost to the government;
 - periodically report to VHA management for consolidation and further review so that appropriate actions can be taken.

ACTION TAKEN:

- We have developed desk guides for cardholders that provide better guidance on securing vendor discounts when available. The guide is in final review and will be available on the CFO's website in January 2005. Procedures are now in place; however, there is no efficient way currently to track compliance. When VA's National Item File is in place it will be possible to produce compliance reports at the local, national and VISN level. Preliminary data from pilots should be available in 12 to 14 months.

RECOMMENDATIONS:

Program Monitoring:

- Establish timeframes for the prompt cancellation of purchase card accounts when the cardholder has left the agency and all outstanding purchase orders have been reconciled;
- Establish procedures to ensure prompt cancellation of purchase cards when cardholders leave VA, are reassigned, or no longer have valid needs for the cards;
- Establish procedures to periodically assess whether each cardholder continues to have a valid need for a purchase card;
- Review existing credit limits and monthly spending and develop policies and strategies on credit limits provided to cardholders with a focus on minimizing specific cardholder spending authority and minimizing the federal government's financial exposure;

ACTION TAKEN:

- The revised Handbook is going through concurrence and will read as follows:
"Physical possession of cards should be taken during the clearing process, and

accounts shall be closed within three business days after the receipt and reconciliation of the last outstanding order.” The VHA Handbook 1730.1 will be amended as well as other guidance accordingly. The revised Handbook requires annual review of spending limits.

RECOMMENDATIONS:

Program Monitoring:

- Assess the adequacy of human capital resources devoted to the purchase card program, especially for oversight activities, at the A/OPC level, and provide needed resources.

ACTION TAKEN:

- We have not yet performed the assessment. Fiscal and administrative resources are even more strained in the current fiscal year, making it unlikely that many facilities would be able to reallocate human resources to increase oversight of the program.

RECOMMENDATIONS:

Compliance with Purchasing Requirements

With regard to improving and enforcing compliance with purchasing requirements, GAO recommended that VHA develop written detailed procedures and guidelines to aid cardholders in complying with the Federal Acquisition Regulation, Veterans Affairs Acquisition Regulations, and other internal policies and procedures when using the purchase cards and convenience checks as procurement and payment mechanisms for goods and services rendered. Such procedures could be either incorporated in VHA’s existing guidance over the purchase card program or presented separately. Specifically, GAO recommended that the Acting Under Secretary for Health do the following.

- Establish steps to be followed when circumstances permit the purchase of generally prohibited items such as clothing, food, and gifts;

ACTION TAKEN:

- VHA Handbook 1730.1 and our desk guides for cardholders and approving officials have been revised to include more detailed and specific guidance with respect to the purchase of generally prohibited items. The Handbook is going through concurrence for publication and the desk guides will be available on the CFO website by end of month January 2005. We believe GAO overestimated the potential scope of this issue because many generally prohibited items are properly purchased for the benefit of patients through VA’s General Post Fund.

- The revised Handbook includes the following guidance: [Cardholders are responsible for:] Maintaining detailed documentation on purchases that are likely to appear “questionable” to auditors such as the purchase of tickets to sporting events, movies, etc., the purchase of restaurant meals or catering (all are usually involving the General Post Fund), or the purchase of any item that would typically be a personal, non-business purchase such as home appliances or clothing. At a minimum the names of ticket and food recipients should be maintained along with their identity as patients, staff members, etc. For appliances and other items that may appear to be for personal use, the recipient and explicit use of the items must be documented.

RECOMMENDATIONS:

Compliance with Purchasing Requirements

- Establish steps to be followed when the purchase amount will exceed the \$2,500 micro-purchase limit or the cardholders’ single purchase limit to prevent splitting the purchase;

ACTION TAKEN:

- None. Existing procedures will accommodate unusual instances of hitting the threshold, such as sending a purchasing request to the purchasing department. If a cardholder frequently reaches card limits for purchasing authorized items, the limits need to be adjusted.

RECOMMENDATIONS:

Compliance with Purchasing Requirements

- Establish steps to be followed if the cardholders, with only micro-purchase authority, need to make a purchase over the \$2,500 micro-purchase threshold;

ACTION TAKEN:

- VA non-concurred on this recommendation. VA believes that purchases greater than \$2,500 should require a warrant. Any exception could complicate and thereby weaken existing policy.

RECOMMENDATIONS:

Compliance with Purchasing Requirements

- Establish steps to be followed when cardholders request to make purchases of office supplies and other goods from other than a mandatory source supplier for items that are “essentially the same;”

- Establish steps on how to document the use of competition and circumstances under which it can be justified not to use competitive procedures;
- Establish steps on how to document efforts to secure free conference space before purchasing rental of conference room facilities;

ACTION TAKEN:

- Procedures currently exist for cardholders making purchases.
- FAR regulations do not require competition under \$2,500. FAR regulations are clear regarding purchases above \$2,500.
- A VHA workgroup is reviewing the recommendation.

RECOMMENDATIONS:

Compliance with Purchasing Requirements

- Reiterate in VHA's refresher training to cardholders and approving officials areas discussed in this report, such as segregation of duties, documentation requirements and retention of supporting documentation, taking advantage of available vendor-offered discounts, canceling of departed cardholders' accounts, applicable laws and regulations, and agency policies and procedures;

ACTION TAKEN:

- The training issues were addressed before GAO issued the report. The updated training material is not yet on line, but most of the material has been developed and we expect it to be available on line through the CFO's website this year.

RECOMMENDATIONS:

Compliance with Purchasing Requirements

- Provide refresher training to agent cashiers on the areas discussed in this report, such as purchases that exceeded established check limits and payments to vendors who accept the purchase card as a form of payment;

ACTION TAKEN:

- The revised desk procedures are in final review and will be issued to all facilities by end of the month January 2005.

RECOMMENDATIONS:

Compliance with Purchasing Requirements

- Consider whether to revoke or suspend purchasing authority of cardholders who are found to be frequently or flagrantly noncompliant with policies and

procedures, such as cardholders making split purchases, procuring goods and services beyond their purchasing authority, or making purchases exceeding established dollar thresholds.

ACTION TAKEN:

- The revised Handbook adds the examples of inappropriate use cited by GAO.

RECOMMENDATIONS:

Wasteful and Questionable Purchases

With regard to purchases that may be at an excessive cost or for questionable government need, GAO recommended that the Acting Under Secretary for Health do the following.

- Require that cardholders or others track and document award purchases to the end user, including who received the award and the purposes for which the recipient is being recognized. Copies should also be maintained in the purchase card order file;

ACTION TAKEN:

- The revised Handbook adds the following guidance: [Cardholders are responsible for:] Tracking and documenting award purchases to the end user, including who received the award and the purposes for which the recipient is being recognized. Copies should also be maintained in the purchase card order file.

RECOMMENDATIONS:

Wasteful and Questionable Purchases

- Require that cardholders or others track and document ticket purchases for recreational activities to the end user, including who received the ticket, date received, and signature by the recipient as evidence of receipt. Copies should also be maintained in the purchase card order file;

ACTION TAKEN:

- The revised Handbook includes the following guidance: [Cardholders are responsible for:] Maintaining detailed documentation on purchases that are likely to appear “questionable” to auditors such as the purchase of tickets to sporting events, movies, etc., the purchase of restaurant meals or catering (all are usually involving the General Post Fund), or the purchase of any item that would typically be a personal, non-business purchase such as home appliances or clothing. At a minimum the names of ticket and food recipients should be

maintained along with their identity as patients, staff members, etc. For appliances and other items that may appear to be for personal use, the recipient and explicit use of the items must be documented.

RECOMMENDATIONS:

Wasteful and Questionable Purchases

- Follow up on transactions we identified for which no supporting documentation was provided to determine whether the items purchased were for a legitimate government need;

ACTION TAKEN:

- We received the information from GAO in May and required facilities to review all cited transactions. The reviews were completed and the large majority of transactions were found to be legitimate and with proper documentation that the sites didn't have time to retrieve while GAO at the sites.

RECOMMENDATIONS:

Wasteful and Questionable Purchases

- Take appropriate disciplinary or corrective action for purchases determined to be not for a legitimate government need.

ACTION TAKEN:

- This recommendation is already required by current policy.

RECOMMENDATIONS:

Convenience Checks

Policies and procedures over convenience checks are established at the department level only. GAO made four recommendations to the Secretary of Veterans Affairs to strengthen and improve controls over convenience check usage in its purchase card program. Specifically, to improve internal controls over convenience check purchasing, GAO recommended that the Secretary of the Veterans Affairs, in conjunction with the Acting Under Secretary for Health, do the following.

- Require agent cashiers to maintain written documentation that authorizes the disbursement of funds to third parties;
- Establish detailed procedures that specify the types of documentation that agent cashiers must obtain from the requesting office that support the disbursement of funds to third parties via convenience checks;
- Establish detailed criteria in VA's purchase card guidance for determining under what situations convenience checks provide the "most cost-effective and

practical procurement and disbursement method” when using in lieu of the purchase card. Incorporate these criteria in VA’s convenience check guidance as well;

ACTION TAKEN:

- Current policy already requires this.

RECOMMENDATIONS:

Convenience Checks

- Incorporate into VA’s existing convenience check guidance, file retention requirements as mandated by FAR Subpart 4.805 Storage, Handling, and Disposal of Contract Files.

ACTION TAKEN:

- VHA CFO communicated the need for this revision of VA Handbook 4010 to the Department CFO. Their revision is pending publication.

BUDGET IMPLICATIONS:

- None for all actions taken.

9. GULF WAR ILLNESSES: DOD's Conclusions about U. S. Troops' Exposure Cannot Be Adequately Supported (GAO-04-159), June 2004

RESPONSIBLE ORGANIZATION: Veterans Health Administration (VHA)

RECOMMENDATIONS:

GAO recommended that the Secretary of Defense and the Secretary of Veterans Affairs not use the plume-modeling data for future epidemiological studies of the 1991 Gulf War, since VA and DOD cannot know from the flawed plume modeling who was and who was not exposed.

ACTIONS TAKEN:

- VA concurred with GAO's recommendation to no longer use the nuclear, biological, chemical (NBC) plume model in future research studies on Gulf War veterans illnesses.
- Nevertheless, it should be understood that VA has already completed three studies that incorporated the Department of Defense NBC plume model as part of the parameters for the research. In fact, VA has submitted these studies to scientific journals. Furthermore, VA is currently collaborating with other research groups that may have used the NBC plume model. These studies are underway and will be completed as planned.

BUDGET IMPLICATIONS:

- None.

10. COMPUTER-BASED PATIENT RECORDS: VA and DOD Efforts to Exchange Health Data Could Benefit from Improved Planning and Project Management (GAO-04-687), June 2004

**RESPONSIBLE ORGANIZATION: Veterans Health Administration (VHA)
and Assistant Secretary for Information
and Technology**

RECOMMENDATIONS:

To encourage significant progress on achieving the two-way exchange of health information, GAO recommended that the Secretaries of Veterans Affairs and Defense instruct the Acting Chief Information Officer for Health and the Chief Information Officer for the Military Health System, respectively, to:

- Develop an architecture for the electronic interface between their health systems that includes system requirements, design specifications, and software descriptions;
- Select a lead entity with final decision-making authority for the initiative;
- Establish a project management structure to provide day-to-day guidance of and accountability for their investments in and implementation of the interface capability;
- Create and implement a comprehensive and coordinated project management plan for the electronic interface that defines the technical and managerial processes necessary to satisfy project requirements and includes: (1) the authority and responsibility of each organizational unit; (2) a work breakdown structure for all of the tasks to be performed in developing, testing, and implementing the software, along with schedules associated with the tasks; and (3) a security policy.

ACTIONS TAKEN:

- The Department of Veterans Affairs (VA) and Department of Defense (DoD) are on target to develop the architecture for the electronic interface between health information systems by October 2005. In October 2004, VA and DoD completed work on a pharmacy prototype. The pharmacy prototype demonstrated the bi-directional exchange of computable pharmacy data in a lab environment. The prototype also yielded important technical information that will have significant impact on the final definition of the architecture. During the first quarter of 2005, VA and DoD began work on Phase II, the development of the technical interface and final architecture between the DoD Clinical Data Repository and the VA Health Data Repository. The Departments remain on target to complete work on this interface by October 2005. The initial capability of this interface will support the bi-directional exchange of computable pharmacy, allergy, and laboratory data and the correlation of VA and DoD patient information.

- The VA/DoD Health Executive Council (HEC) will continue to serve as the lead entity for this initiative. The Information Management/ Information Technology (IM/IT) work group of the HEC, co-chaired by the Deputy CIO for Health and the DoD CIO for the Military Health System, is actively engaged with all key project and program level staff responsible for the development and acquisition of interoperable technologies. Documentation of the Interoperability Project Governance Structure, depicting the HEC as the lead entity, was provided to GAO on May 14, 2004.
- The Departments have implemented a joint project management structure that includes a single Program Manager from VA and a single Deputy Program Manager from DoD. This structure ensures joint accountability and day-to-day responsibility for project implementation. The program, technical, and functional team members from each Department have forged a close and collaborative working relationship that includes daily phone conferences, e-mail communications, and other ad hoc contacts necessary to conduct interagency work. On May 14, 2004, the Departments provided GAO formal documentation of this project management structure and the appointments of the program and deputy program managers.
- GAO was provided an initial version and updated drafts of the project management plan, as well as a Gantt chart depicting the work required to achieve interoperability. A draft of the DoD/VA Joint Electronic Medical Records Interoperability Program Management Plan, which incorporates GAO's recommendations, will be finalized by the two Departments and provided to GAO for final review. This plan includes delineation of responsibility and authority for each unit as well as a comprehensive work breakdown for all tasks and schedules. The Departments have developed comprehensive interagency project plans for each individual.

BUDGET IMPLICATIONS:

- None. These initiatives are currently programmed and funded.

11. DEPARTMENT OF VETERANS AFFAIRS: Federal Gulf War Illnesses Research Strategy Needs Reassessment (GAO-04-767), June 2004

RESPONSIBLE ORGANIZATION: Veterans Health Administration (VHA)

RECOMMENDATIONS:

With respect to the federal Gulf War illnesses research efforts, GAO recommended that the Secretary of Veterans Affairs take the following action:

- Conduct a reassessment of the Gulf War illnesses research strategy to determine whether the 21 key research questions have been answered, whether they remain relevant, and whether there are promising areas for future research.

To facilitate the RAC's ability to provide advice on Gulf War illnesses research, GAO recommended that the Secretary of Veterans Affairs take the following additional two actions:

- Ensure that a liaison who is knowledgeable about Gulf War illnesses research is appointed to routinely share information with RAC;
- Ensure that VA's research offices collaborate with RAC on Gulf War illnesses research program development activities.

ACTIONS TAKEN:

- In general, VHA agrees with these two recommendations and had already begun to address the issues prior to learning that GAO would include them in its report.
- Two weeks prior to the team's debrief, VA began its assessment of the existing federal Gulf War veterans' illnesses research strategy to ensure its continued validity and to identify promising areas for future research. Each of the 21 research questions will be thoroughly evaluated to determine: 1) which ones have been answered, 2) which ones require additional study, and 3) what new questions should be added. To date, reviews of nine questions have been done. Once its initial assessment is completed, VA will present it to the RAC and the Research Subcommittee of the Deployment Health Working Group for their comment.
- VA has also taken numerous steps to ensure that an effective relationship exists with the RAC. The acting Under Secretary for Health and the acting Chief Research and Development Officer regularly communicate with the RAC chairman, Mr. Binns. Since February 2004, VHA has had a designated liaison to the RAC scientific officer who is knowledgeable about research pertaining to Gulf War veterans' illnesses. The liaison has trained an assistant with a health science degree on Gulf War research.

- VHA closely coordinated its most recent Gulf War RFA with the committee. The RAC referred almost half of the merit review committee members that VHA used. Of note, that group included the RAC scientific officer. VHA intends to coordinate its planned Gulf War veterans' illnesses RFP for winter 2005.

BUDGET IMPLICATIONS:

- None.

12. CONTRACT MANAGEMENT: Further Efforts Needed to Sustain VA's Progress in Purchasing Medical Products and Services (GAO-04-718), June 2004

**RESPONSIBLE ORGANIZATION: Assistant Secretary for Management,
Office of Acquisition & Materiel
Management**

RECOMMENDATIONS:

GAO made three recommendations aimed at helping VA achieve maximum savings through its contract programs. Specifically, GAO recommended that the Secretary of the Department of Veterans Affairs:

- Explore opportunities to use its buying power to obtain more favorable prices for healthcare services;
- Strengthen oversight to ensure medical centers use FSS and national contracts to get the best prices available;
- Identify the complete cost of the FSS program and reassess its user fee to determine if it needs to be adjusted.

ACTIONS TAKEN:

- OA&MM continues to work closely with VA's Veteran Health Administrations (VHA) Chief Logistics Office and its user groups in developing their health care products and services requirements to obtain the "best value." Review of purchases of high usage medical supplies is performed to identify potential candidates for VA's Standardization Program, which OA&MM is responsible for establishing the proper contract vehicle.
- Additionally, OA&MM has re-emphasized to its contracting staff through training courses and warrant requirements to seek the "best" pricing, terms, and conditions for its customers. Strengthening the training and core competencies of its contracting staff will result in a more professional workforce that will seek out the "best" value procurement for VA.
- OA&MM is currently developing a tool that will capture all direct and indirect costs associated with its Federal Supply Schedule Program to ascertain whether or not the current user fee is appropriate. This tool should be in place by the end of 2005. At that time, discussions will be held with management officials to discuss its findings and to reassess the current user fee level.

BUDGET IMPLICATIONS:

- If the current user fee is determined too low, adjustments will be required. Increases to the FSS fee can affect each VA medical center. Current VA medical centers have not included any increase fee in their 2005 or 2006 budget requests.

13. VA MEDICAL CENTERS: Internal Control over Selected Operating Functions Needs Improvement (GAO-04-755), June 2004

RESPONSIBLE ORGANIZATION: Veterans Health Administration (VHA)

RECOMMENDATIONS:

GAO made the following 17 recommendations to improve the internal controls over the operating areas that were the subject of GAO's work. Some of these recommendations require attention of VA management at the department level, others in VHA, and still others within VA medical center management. GAO recommended that the Secretary of Veterans Affairs direct the Assistant Secretary for Management to:

- Clarify existing guidance and establish consistent parameters for personal property that is required to be accounted for in the property control records and that is subject to physical inventory to include sensitive property;
- Provide a more comprehensive list of the type of personal property assets that are considered sensitive for accountability purposes;
- Direct that physical inventories of personal property be performed by the A&MM staff or other parties who are independent of those with property custodian responsibilities;
- Reinforce VA's requirement to attach bar code labels to agency personal property.

To improve accuracy of VA's time and attendance records for part-time physicians, GAO recommended that the Secretary of Veterans Affairs direct the Assistant Secretary for Management to coordinate all time and attendance system changes with VHA, in order to ensure that the time and attendance system facilitates entry of actual hours and days worked by part-time physicians into VA's permanent electronic time and attendance record.

ACTIONS TAKEN:

- VHA's effort to reform physician timekeeping practices is continuing. The progress being made is monitored by the National Leadership Board (NLB) through the Human Resources Committee (HRC). Currently, part-time physician time and attendance is to be documented via subsidiary paper records (VA Form 5631a) as detailed in VA Handbook 5011. Subsequent to the audits, an effort was initiated to move from a paper record system to an electronic system. This project is underway; however, it has been modified.
- The frequent changes to the schedules of part-time physicians on alternative work schedules resulted in extensive and confusing documentation in the comment field of the ETA record. In order to address the documentation

difficulty, and ensure that VHA patient care needs are met, a concept of an “hours bank” was proposed and accepted. In this concept, participating physicians will be paid a level amount over a period of time agreed to in a signed document, Memorandum of Service Level Expectations (MSLE), VA Form 2379. Prior to each pay period, the supervisor will negotiate with the participating physician and develop a schedule for the upcoming pay period based on VA requirements. The subsidiary record will track the number of hours actually worked and a reconciliation will be performed at the end of the MSLE period. The policy and details of the MSLE are provided in the revision to VA Handbook 5011.

- The project to convert the ETA subsidiary record from paper to electronic was modified to include the ability to manage the “hours bank” concept. That project is currently underway. Usability testing took place the week of December 5, 2004 in the Office of Information Field Office (OIFO) in Bay Pines, FL. Alpha testing is scheduled to take place at the medical center in Jackson, MS, in February 2005. Beta testing should follow in March, including, at minimum, Jackson, MS, Houston, TX, Omaha, NE, Milwaukee, WI, and Cleveland, OH. The final launch is scheduled for late April/early May 2005. The Employee Education System is working hand-in-hand with the developers in this project and will have educational tools available with the final launch. (Preliminary story boards were presented at the meeting at the OIFO in Bay Pines, FL.
- The beta sites specified are participating in a pilot project, approved by the Secretary, that is intended to give VHA some feedback on the effectiveness of the “hours bank” concept. The VHA CIO developed an intranet based (non-authenticated) system to track hours worked and a sampling of part-time physicians signed the MSLE at each location and are participating. An assessment on the progress of the pilot will be performed in January 2005.
- The changes to Directive 5011 and Handbooks 5011, 5007 and 5005 that incorporate the “hours bank” into Time and Attendance and Payroll policy have been held in abeyance until the electronic ETA system is in place. The opinion of VHA officials involved in implementing these changes is that it would be too confusing and disruptive to issue the policies including the “hours bank” without the technology being available to support it. The intent is to issue the policies in conjunction with the launch of the new ETA functionality in mid 2005.

BUDGET IMPLICATIONS:

- None

RECOMMENDATIONS:

To improve oversight of medical center operations, we recommend that the Acting Under Secretary for Health:

- Designate a headquarters-level staff office to monitor medical facilities' credits for returned drugs;
- Review returned drug credits and related pertinent information for VA medical facilities and determine, especially for those with unusual performance patterns, whether there might be additional opportunities for credits;
- Develop procedures to periodically test whether the amount of credits received for returned drugs is correct;
- Implement procedures to periodically test whether the amount of credits that medical centers received for returned drugs is correct;
- Conduct a best practices review of procedures implemented by VA medical centers and service areas to identify those most effective in documenting daily attendance of part-time physicians and periodically monitoring employee compliance with time and attendance requirements;
- Use the results of the best practices review to provide more definitive policy guidance to improve control effectiveness over part-time physician attendance monitoring.

To address the weaknesses noted during GAO visits to six VA medical centers, GAO recommended that the Acting Under Secretary for Health require the directors of those medical centers to:

- Determine the location or disposition of personal property items not found during our site visits;
- Review property records to identify and correct erroneous or incomplete data fields;
- Prepare a running list of all non-narcotic drugs held for return in facility pharmacies as they are removed from current supplies to compare with contractor-prepared lists of returned drugs;
- Improve physical security over non-narcotic drugs held for return in facility pharmacies as they are removed from current supplies;
- Analyze information regarding drugs returned to manufacturers to identify potential improvements that might increase the amount of credits received, such as improving the timeliness of returning drugs consistently turned in too late to qualify for credit.

GAO also recommended that the Acting Under Secretary for Health determine whether the above recommendations pertaining to the facilities we visited are applicable to all VA medical facilities.

ACTIONS TAKEN:

- Six identified VA Medical Centers have been directed to conduct wall to wall inventories of Equipment Inventory Listings (EILs) by close of business March 31, 2005. Upon completion of wall to wall inventories Network Director to submit certification that inventories were accomplished identifying any discrepancies and required reports of surveys.
- All Networks have been directed to submit a listing of all equipment that should be identified as a sensitive item for accountability purposes. Listings are due by March 31, 2005, once received a Clinical Logistics Work Group will be formed to develop a master comprehensive listing of item identified as sensitive and forwarded to the field for implementation.
- All Networks have been directed to submit a listing of EILs within the facility, identifying each by name, number of line items and annual inventory date. Quarterly reports will be required identifying all inventories accomplished during the rating period with discrepancies noted.

BUDGET IMPLICATIONS:

- None

14. VA MEDICAL CENTERS: Further Operational Improvements Could Enhance Third-Party Collections (GAO-04-739), July 2004

RESPONSIBLE ORGANIZATION: Assistant Secretary for Management

RECOMMENDATIONS:

GAO made five recommendations to facilitate more timely billings and improve collection operations. The Secretary of Veterans Affairs should direct the Under Secretary for Health to:

- Perform a workload analysis of the medical centers' coding and billing staff;
- Based on the workload analysis, consider making the necessary resource adjustments;
- Reinforce to accounts receivable staff that they should perform the first follow-up on unpaid claims within 30 days of the billing date, as directed by VA Handbook 4800.14, *Medical Care Debts*, and establish procedures for monitoring compliance;
- Reinforce the requirement for accounts receivable staff to enter the insurance company contact's name, title, phone number, and the follow-up date when making follow-up phone calls;
- Augment VA Handbook 4800.14, *Medical Care Debts*, by either specifying a date or providing instructions for determining an appropriate date for conducting second follow-up calls to insurance companies.

ACTIONS TAKEN:

- VHA has completed studies of minimum production and accuracy standards for coders and distributed that to the field. In addition, we agree that conducting a comprehensive analysis that fully assesses workload to determine whether coding/billing staff resources are commensurate with workload is warranted and we will initiate planning accordingly. Based on the workload analysis, adjustments will be made.
- Regarding reinforcing the importance of performing accounts receivable follow-up according to handbook 4800.14, an announcement was made on July 19, 2004 VHA Weekly National Conference call which emphasized the findings in GAS-04-79 and reiterated to staff the importance of complying with this handbook. In this announcement, we emphasized the importance of performing the first follow up on unpaid claims within 30 days of the billing date, as directed by VA handbook 4800.14, *Medical Care Debts*, and reinforcing the requirement for staff to enter the insurance company's name, title and phone number and the follow-up date when making phone calls.

- The VHA Chief Business Office is also working closely with the Management Quality Assurance Service to assess accounts receivable balances every six months with the next report being completed in March 2005.

BUDGET IMPLICATIONS:

- Currently under development.

15. VA HEALTH CARE: VA Needs to Improve Accuracy of Reported Wait Times for Blind Rehabilitation Services (GAO 04-949), July 2004

RESPONSIBLE ORGANIZATION: Veterans Health Administration (VHA)

RECOMMENDATIONS:

To improve VA's ability to effectively manage care for legally blind veterans, GAO recommended that the Secretary of Veterans Affairs direct the Under Secretary for Health to instruct: (1) the program office to develop more specific instructions for calculating wait times; and (2) the BRCs to adhere to these instructions by developing procedures to compile complete and accurate information on the length of time veterans wait for admission to BRCs.

ACTIONS TAKEN:

- An information letter with specific instructions for calculating Blind Rehabilitation Services (BRS) wait times, associated data definitions, and application procedures to address the equitability and timeliness of service delivery will be issued in the second quarter of 2005.
- VHA's Offices of Patient Care Services and the Deputy Under Secretary for Health for Operations and Management will work with the Visual Impairment Service Coordinators (VIST) to develop service agreements with primary care providers to ensure timely availability of necessary medical appointments prior to admission to a BRC. These service agreements are scheduled to be completed in the third quarter of 2005. The BRS national consultants and VIST program coordinators will develop monitors to ensure compliance to this guidance. Piloting of these monitors is expected to begin in the fourth quarter of 2005.
- VHA's Office of Information will develop a National Blind Rehabilitation Database version 5.0 that will monitor all aspects of blind rehabilitation services delivery (including wait times of the VIST programs, the BRCs, and the Blind Rehabilitation Outpatient Specialist activities). Completion of this endeavor is expected in the fourth quarter of 2005.

BUDGET IMPLICATIONS:

- There is a budget implication in last action item. Costs from the VHA Office of Information for the development and purchase of informatics services and licenses are required and already budgeted.

16. VA HEALTH CARE: Guidance Needed for Determining the Cost to Collect from Veterans and Private Health Insurers (GAO-04-938), July 2004

RESPONSIBLE ORGANIZATION: Veterans Health Administration (VHA)

RECOMMENDATIONS:

To accurately determine and report the cost to collect first- and third-party payments, GAO recommended that the Secretary of Veterans Affairs direct the Under Secretary for Health to provide guidance for standardizing and consistently applying across VA the accounting of costs associated with collecting payments from veterans and private health insurers.

ACTIONS TAKEN:

- VHA Directive 2004-068 “Reporting Medical Care Costs Fund Cost to Collect” was issued December 15, 2004 to address inconsistencies in accounting for cost to collect and provide operational policy. The Directive provides guidance for standardizing and consistently applying the accounting of costs. This Directive mandates that the Decision Support System (DSS) will be utilized to provide the base cost information in developing the cost to collect health care payments from veterans and private health insurers.

BUDGET IMPLICATIONS:

- None.

17. VA LONG-TERM CARE: More Accurate Measure of Home-Based Primary Care Workload is Needed (GAO-04-913), September 2004

RESPONSIBLE ORGANIZATION: Veterans Health Administration (VHA)

RECOMMENDATIONS:

Because the number of visits is a more accurate measure of the home-based primary care services veterans receive than enrolled days, GAO recommended that the Secretary of Veterans Affairs direct the Under Secretary for Health to use visits to measure and report the amount of home-based primary care services veterans receive.

ACTIONS TAKEN:

- VA acknowledges the need for a more sophisticated and accurate primary workload measurement methodology for the VHA Home-Based Primary Care (HBPC) initiative. However, the Department did not concur with GAO's recommendation to replace the central workload measure in VA's Home Based Primary Care Program. GAO had recommended replacing the government-wide standard measure, average daily census (ADC), with visits.
- VHA has expanded its oversight of HBPC workload to include the three measures of workload: ADC; unique veterans served; and, visits. This process was formalized in 2004 and continues on a quarterly basis.

BUDGET IMPLICATIONS:

- The expanded oversight process is conducted by existing VHA staff.

18. BEST PRACTICES: Using “Spend Analysis” to Help Agencies Take a More Strategic Approach to Procurement (GAO-04-870), September 2004

**RESPONSIBLE ORGANIZATION: Assistant Secretary for Management,
Office of Acquisition & Materiel
Management (OA&MM)**

RECOMMENDATIONS:

To help ensure that the varying spend analysis effort by Veterans Affairs goes further in emulating the best practice of leading companies and that the agency has the supporting structure, processes, and roles in place to effectively use the results of spend analysis, GAO made the following recommendation:

- To identify, track, and evaluate what clinical care and support services are being purchased by veterans’ medical facilities, the Secretary of Veterans Affairs should direct procurement headquarters officials to expand the planned development by 2006 of an automated medical supplies and equipment spend analysis system also to capture spending data on services. Such expansion should support automating, extracting, organizing, supplementing, and analyzing spending trends for clinical care and support services in the same way that improvements aimed at medical supplies and equipment are being made. The agency’s new spend analysis system needs to include healthcare-related services’ procurement data improve decision makers’ knowledge and help them identify opportunities for leveraged buying, including the planned development of a national strategy to contract for services.

ACTIONS TAKEN:

- The VHA Clinical Logistics Office has established a Data Validation Work group and hired a data programmer to work on the establishment of a Central Procurement Data Repository which will allow analysis to be accomplished on all purchases nationally. Repository is slated to be completed by October 1, 2005. Additionally, a joint VA/DoD funding proposal is being submitted to establish a data synchronization database that will allow further analysis to be accomplished and provide joint leveraged buying.
- OA&MM will work with VHA to determine acquisition strategies once the data is accumulated.

BUDGET IMPLICATIONS:

- None, funding for the joint proposal has already been set aside for potential approval.

19. VA AND DEFENSE HEALTH CARE: More Information Needed to Determine If VA Can Meet an Increase in Demand for Post-Traumatic Stress Disorder Services (GAO-04-1069), September 2004

RESPONSIBLE ORGANIZATION: Veterans Health Administration (VHA)

RECOMMENDATIONS:

To help VA estimate the number of additional veterans it could treat for PTSD and to plan for the future demand for VA PTSD services from additional veterans seeking these services, GAO recommended that the Secretary of Veterans Affairs direct the Under Secretary for Health to determine the total number of veterans receiving VA PTSD services and provide facility-specific information to VA medical facilities and Vet Centers.

ACTIONS TAKEN:

VA currently has detailed information on facility-specific and Vet Center-specific services provided to veterans. VHA is aggregating these two data sets to provide workload information on a national, network, and local level. Although this information will have limited usefulness in projecting future demand, it will provide some assistance in estimating workload demand and resource readiness.

- VA has adopted a Mental Health Strategic Plan that ensures that the recommendations of the President's New Freedom Commission on Mental Health are incorporated into the initiatives to ensure equal access and service throughout VHA. One of the areas of emphasis in this Strategic Plan is the mental health needs of returning OIF/OEF service members, which will include PTSD as well as other conditions.
- A Mental Health Subgroup to the existing VA/DoD Post Deployment Health Work Group is being established. This Subgroup will address mental health needs of GWOT troops and veterans and present them for discussion and formal implementation recommendations to the Post Deployment Work Group. This action meets another recommendation of the PTSD Committee for an ongoing VA/DoD council to address mental health needs of returning veterans.
- Efforts of VA and DoD informatics staff to enhance interoperability of the computer systems and clinical information transfer of information between the two Departments are ongoing. The Post Deployment Health Work Group continues to monitor these activities. Currently, military medical records on troops coming to VA for care are reported to be available within 24-48 hours of VA's request for these records. Completeness of these records, improved timeliness of access and access to records of troops before they apply for care (valuable in outreach and preventive care efforts) are being discussed by VA and DoD.

- Cooperation with the Army's Disabled Soldier Support System to track and share information on Army seriously injured soldiers. Support to DoD Operations Center designed to track and support injured from all services. This comprehensive support network will enable VA services to be made known to active duty personnel as they transition to veteran status.
- RFP for \$5 million in funding targeted to support PTSD programs, as authorized by P.L. 108-170.

BUDGET IMPLICATIONS:

- Phased in approach over three years which will be started in 2005.
- \$5 million for proposals to enhance and further quality of treatment.

20. VETERANS' BENEFITS: VBA's Fiscal Year 2005 Compensation and Pension Staffing Request Could Have Been More Transparent (GAO-05-47), November 2004

RESPONSIBLE ORGANIZATION: Veterans Benefits Administration (VBA)

RECOMMENDATIONS:

To assist the Congress in its oversight of VBA's compensation and pension claims processing operations, GAO recommended that the Secretary of Veterans Affairs direct the Under Secretary for Benefits to prepare the following information and work with the Committees on Veterans' Affairs and the Appropriations Subcommittees on Veterans Affairs, Housing and Urban Development, and Independent Agencies on how best to make it available for their use:

- Explanation of the expected impact of specific initiatives and changes in incoming claims workload on requested staffing levels;
- Information on claims processing productivity, including how VBA plans to improve productivity;
- Explanation of how claims complexity is expected to change and the impact of these changes on productivity and requested staffing levels.

ACTIONS TAKEN:

- Compensation and Pension's (C&P) 2006 budget contains more information about staffing levels required for the incoming workload and an analysis of the incoming workload. VBA has formed a workgroup to develop specific productivity measures. These measures are in addition to VBA's traditional performance measures of quality, timeliness, and inventory.
- To provide more explanatory information, future C&P budget submissions will be revised to contain the following:
 - Discussion of major VBA initiatives in the C&P business line and their impact on incoming workload, productivity, and staffing levels.
 - Discussion of the evolving nature of the entire veterans benefit process with respect to complexity of claims, source of claims, nature of disabilities claimed, potential impact on current and future workloads, entitlement expenditures, and staffing requirements.
 - A broader explanation of the various workloads in the C&P business lines and the staffing requirements needed to meet performance goals in those activities.

BUDGET IMPLICATIONS:

- None.